CAFTA Facts

Office of the United States Trade Representative **www.ustr.gov**
CAFTA Online Briefing Book - April 2005

Ethanol Provisions in the CAFTA-DR

- The Free Trade Agreement with Central America and the Dominican Republic (CAFTA-DR) does not increase overall access to the U.S. ethanol market.

- Under the Caribbean Basin Initiative (CBI), countries in Central America and the Caribbean have had duty-free access to the United States since 1989 for ethanol produced from regional feedstocks. Access for ethanol derived from non-regional feedstocks has been limited by a CBI quota equal to 7% of total U.S. ethanol consumption.

- The CAFTA-DR allows the Central American countries and the Dominican Republic to continue to share in the CBI quota, without increasing the overall size of the quota. The Agreement also establishes country-specific shares for Costa Rica and El Salvador within the overall CBI quota.

- Costa Rica, El Salvador, and Jamaica are the only countries that have ever exported ethanol under the CBI quota, and at least 50% of the quota typically goes unused.

- Strict rules of origin prevent transshipment of ethanol from other countries.

- Between 1995 and 2004, U.S. ethanol consumption grew an average of 11% per year.

Ethanol Production and Imports (2004)

U.S. Production:	3,410 million gal.
U.S. Total Imports:	259 million gal.
CBI Quota:	186.9 million gal.
Total In-Quota Imports:	54 million gal. (29% of allowable quota)
--From El Salvador:	5.7 million gal.
--From Costa Rica:	25.5 million gal.

CAFTA-DR Allocations

- El Salvador: 5.2 million gallons in first year; annual increase of 1.3 million gallons per year, not to exceed 10% of quota.

- Costa Rica: 31 million gallons annually.